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2. On July 23, 1999, the Court issued an Order freezing the assets of and appointing Michael J. Quilling as the Receiver for Hammersmith Trust, LLC and a number of related entities.

3. Pursuant to the terms of each of the foregoing Orders, the Receiver was authorized to employ such attorneys as is necessary and proper for the collection, preservation, maintenance and operation of the Receivership's Assets. Subsequent to his appointment, the Receiver employed the law firm of Quilling, Selander, Cummiskey, Clutts & Lownds, P.C., now known as Quilling, Selander, Cummiskey & Lownds, P.C. ("QSC&L") as his general counsel. The Receiver is an attorney and a shareholder of the law firm and has rendered many of the legal services which are the subject of this Application as well as performing his duties as the Receiver.

4. Since his appointment, the Receiver has been diligently locating and pursuing Receivership Assets in an effort to gain possession, custody and control over them. As of the date of this Application, the Receiver has received the following funds from the following sources and has deposited them in his general bank account at Comerica Bank in the name of Funding Resources:

<u>Source</u>	<u>Amount</u>
Bank of America	\$ 26,026.59
Howe Financial Trust	60,000.00
PGW Trust	30,000.00
Norwest Bank	22,919.18
First National Bank - Jasper	319.82
H & B Galleries — McKinney house furniture	25,135.19
Sale of McKinney House	689,587.75
McKinney Cash from FBI	7,500.00

<u>Source</u>	<u>Amount</u>
McKinney Computer	450.00
Settlement with Eliot Lumpkin	15,000.00
Close MVP Trust Account	27,244.67
Sheinfeld, Maley & Kay	22,721.80
Interest	<u>20,813.90</u>
TOTAL	\$947,718.90

When the Receiver began obtaining possession of funds and property from the U.S. Marshals Service in connection with the forfeiture proceedings involving the assets of Robert Cord, the Receiver established a separate holding account at Comerica Bank into which the Receiver has deposited only proceeds from Robert Cord Assets. Specifically, the Receiver has received the following funds and has deposited them into the Robert Cord holding account at Comerica Bank:

<u>Source</u>	<u>Amount</u>
Cash - U.S. Marshals	\$992,674.85
Mike Peterson Auctioneers - Boat and Trailer	6,435.00
Rent - NASA Road Condominium	400.00
Rent - Vidor Truck Stop	4,000.00
Sale of Falcon Crest Property	128,203.44
Sale of Bombardier Boat	2,785.00
Insurance Refund	293.50
Sale of NASA Road Condominium	28,606.09
Tax Refund	64.94
Sale of Motorhome	12,052.00
Sale of 38' Bayliner	42,300.00

<u>Source</u>	<u>Amount</u>
Sale of Diahatsu and Trailer	3,212.00
Sale of Vidor Property	40,482.93
Sale of New Caney property	104,842.91
Sale of 300E Mercedes	20,000.00
Sale of 500SL Mercedes	31,000.00
Sale of Chris Craft boat	12,500.00
Misc. Refund	181.45
Smith Settlement	30,000.00
Morgan Weinstein Settlement	190,000.00
Texas Coastal Bank Settlement	395,000.00
Interest	<u>89,155.19</u>
TOTAL	\$2,134,189.30

The Receiver has also received funds from Hammersmith Trust, LLC, which have been deposited in the Receiver's holding account for Howe Financial Trust at Comerica Bank¹ as follows:

<u>Source</u>	<u>Amount</u>
Hammersmith Trust	\$270,000.00
Hammersmith Trust	500,000.00
Hammersmith Trust	350,000.00
Hammersmith Trust	200,000.00
Close Spectrum Account	66.42

¹ These monies were originally deposited at Merrill Lynch but have been moved to Comerica Bank in order to save transaction charges.

<u>Source</u>	<u>Amount</u>
Foley & Lardner payment	8,940.00
Jennifer Ernhardt	583.00
Interest/Dividend	<u>79,441.87</u>
TOTAL	\$1,409,031.29

The Receiver has also begun receiving funds relating to entities involved with the Hammersmith Trust LLC aspects of the case which he has deposited in his Microfund holding account as follows:

<u>Source</u>	<u>Amount</u>
Close Landfair Southtrust account	\$1,000.00
Close Landfair First American account	4.83
Close Landfair AMPAC accounts	\$12,332.06
Interest	<u>157.59</u>
TOTAL	\$13,494.48

The Receiver has also deposited funds in his Hammersmith Trust holding account as follows:

<u>Source</u>	<u>Amount</u>
Close Bridgeport NationsBank account	193.73
Sale of Bridgeport furniture	1,237.50
Close Hammersmith AMPAC account	158.25
Sale of BMW 740i	47,000.00
Sale of Gilliland furniture	1,982.50
Sale of EDC Boat	22,528.65
Cash from Gilliland Storage	26.79
Settlement with Bill West	109,735.00

Loan repayment - Southern Consultants	11,700.00
Ray Hanson	7,500.00
Interest	<u>2,767.89</u>

TOTAL:	\$204,830.31
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5. On January 15, 1999, the Receiver filed his First Interim Application for Allowance of Fees and Expenses. By Order entered on February 10, 1999, the Court approved the First Interim Application for Allowance of Fees and Expenses and thereafter \$71,947.46 was paid to QSC&L.

6. On March 16, 1999, the Receiver filed his Second Interim Application for Allowance of Fees and Expenses. By Order entered March 25, 1999, the Court approved the Second Interim Application for Allowance of Fees and Expenses and, thereafter, \$87,616.69 was paid to QSC&L.

7. On May 13, 1999, the Receiver filed his Third Interim Application for Allowance of Fees and Expenses. By Order entered May 25, 1999, the Court approved the Third Interim Application for Allowance of Fees and Expenses and, thereafter, \$131,814.08 was paid to QSC&L.

8. On July 15, 1999, the Receiver filed his Fourth Interim Application for Allowance of Fees and Expenses. By Order entered July 20, 1999, the Court approved the Fourth Interim Application for Allowance of Fees and Expenses and, thereafter, \$89,383.54 was paid to QSC&L.

9. On September 22, 1999, the Receiver filed his Fifth Interim Application for Allowance of Fees and Expenses. By Order entered October 1, 1999, the Court approved the Fifth Interim Application for Allowance of Fees and Expenses and, thereafter, \$132,727.26 was paid to QSC&L.

10. On November 15, 1999, the Receiver filed his Sixth Interim Application for Allowance of Fees and Expenses. By Order entered November 29, 1999, the Court approved the

Sixth Interim Application for Allowance of Fees and Expenses and, thereafter, \$166,805.43 was paid to QSC&L.

11. On February 7, 2000 the Receiver filed his Seventh Interim Application for Allowance of Fees and Expenses. By Order entered on March 17, 2000, the Court approved the Seventh Interim Application for Allowance of Fees and Expenses and, thereafter, \$85,300.36 was paid to QSC&L.

12. On March 28, 2000 the Receiver filed his Eighth Interim Application for Allowance of Fees and Expenses. By Order entered April 4, 2000 the Court approved the Eighth Interim Application for Allowance of Fees and Expenses and, thereafter, \$83,332.54 was paid to QSC&L.

13. On May 16, 2000, the Receiver filed his Ninth Interim Application for Allowance of Fees and Expenses. By Order dated June 6, 2000, the Court approved the Ninth Interim Application for Allowance of Fees and Expenses and, thereafter, \$100,980.08 was paid to QSC&L.

14. On July 21, 2000, the Receiver filed his Tenth Interim Application for Allowance of Fees and Expenses. On July 25, 2000, the Court issued its Order denying the Application without prejudice so that new procedures could be implemented regarding fee applications.

15. On August 24, 2000, the Court issued its Order regarding the Receiver's Proposed Budget pursuant to which the Court established procedures for fee applications to be submitted by the Receiver.

16. On September 5, 2000 the Receiver filed his Amended Tenth Interim Application for Allowance of Fees and expenses. By Order entered October 6, 2000 the Court approved the Amended Tenth Interim Application for Allowance of Fees and Expenses and, thereafter, \$230,562.17 was paid to QSC&L.

17. This Application seeks approval and payment of the fees and reimbursement of expenses for the Receiver and QSC&L for the time period from September 1, 2000 through November 30, 2000. In order to better track the fees and expenses relating to lawsuits initiated by the Receiver (as opposed to fees and expenses relating to the main receivership case) starting June 1, 2000, the Receiver established separate billing files for each lawsuit which has been filed in Dallas. In accordance with other Orders issued by the Court in each of those cases, separate fee applications have been filed by the Receiver in each of those cases. Those amounts are not included in this Application. As described below, this Application also seeks allowance and payment of the Receiver's local counsel in Memphis and Tampa and Grand Rapids with respect to lawsuits involving the Receiver which are not filed in Dallas.

18. During the period covered by this Application, the Receiver has incurred fees and expenses as to QSC&L with respect to his activities as Receiver on a monthly basis as follows:

QSC&L - MAIN CASE¹

<u>Month</u>	<u>Fees</u>	<u>Expenses</u>
September 2000	36,826.00	6,890.08
October 2000	46,676.00	17,560.04
November 2000	39,103.50	12,827.21
Total	\$ <u>122,605.50</u>	\$ <u>37,277.33</u>

¹ Fee statements are attached as Exhibit "A - 1".

QSC&L - WOLCOTT LIFETIME TRUST - MICHIGAN LAWSUIT²

<u>Month</u>	<u>Fees</u>	<u>Expenses</u>
September 2000	- 0 -	- 0 -
October 2000	18,837.50	201.72
November 2000	28,777.00	1,339.07
Total	<u>\$ 47,614.50</u>	<u>\$ 1,540.79</u>

QSC&L - DAVID JOHNSON - MEMPHIS LAWSUIT³

<u>Month</u>	<u>Fees</u>	<u>Expenses</u>
September 2000	- 0 -	- 0 -
October 2000	2,025.00	1,084.90
November 2000	1,550.00	- 0 -
Total	<u>\$ 3,575.00</u>	<u>\$ 1,084.90</u>

QSC&L - MARK TALLEY - MEMPHIS LAWSUIT⁴

<u>Month</u>	<u>Fees</u>	<u>Expenses</u>
September 2000	- 0 -	- 0 -
October 2000	250.00	- 0 -
November 2000	225.00	15.00
Total	<u>\$ 475.00</u>	<u>\$ 15.00</u>

The total of all the foregoing fees is \$174,270.00 and expenses is \$39,918.02.

²Fee statements are attached as Exhibit "A - 2".

³Fee statements are attached as Exhibit "A - 3".

⁴Fee statements are attached as Exhibit "A - 4".

19. Exhibit "A," which is attached hereto and incorporated herein by reference for all purposes conveys the following information for the time period of September 1, 2000 through November 30, 2000: (a) the number of hours worked by each attorney and staff member on a particular day, (b) the manner and type of work performed by each attorney and staff member, (c) the customary billing rate for each person rendering service in this matter, and (d) the monetary value assigned to each task performed by a given attorney and/or staff member. Each of the invoices attached hereto as Exhibits "A-1" - "A-4" reflect aggregate expenses by category during a given month. Whenever an individual expense item exceeds \$500.00 a receipt is attached at the end of the particular monthly statement to evidence the charge. Travel expenses have also been itemized under Exhibit "B."

FEES AND EXPENSES OF OTHER COUNSEL RETAINED BY THE RECEIVER

20. As authorized by the Orders Appointing the Receiver, the Receiver has retained local counsel to assist him in connection with out-of-state matters. Specifically, the Receiver has retained the following counsel:

- Bob Glenn of Glenn, Rasmussen, Fogarty & Hooker in Tampa, Florida to defend the receivership estate's interest in Cause No. 99-CV-40-T-23E styled *Sterling Management Services, Inc. v. David B. Gilliland a/k/a B. David Gilliland, Hammersmith Trust, LLC, a foreign (Tennessee) corporation and Hammersmith Trust, LLC, a foreign (West Indies) corporation*, pending before the United States Federal District Court, Middle District of Florida, Tampa. His fee statements are attached hereto as Exhibit "C" and are itemized by month as follows:

<u>Month</u>	<u>Fees</u>	<u>Expenses</u>
Pre-September 2000 ⁵	364.00	2.99
October 2000	2,996.00	3.75
Total	\$ <u>3,360.00</u>	\$ <u>6.74</u>

● Bob Flynn of Spicer, Flynn & Rudstrom in Memphis, Tennessee to assist the Receiver with respect to several matters including *In re: The Search of 200 Clara Drive, Eads, Tennessee*. His fee statement are attached hereto as Exhibit "D" and are itemized by month as follows:

<u>Month</u>	<u>Fees</u>	<u>Expenses</u>
Pre-September 2000 ⁶	4,312.50	4.70
August - September 2000	997.50	41.59
Total	\$ <u>5,309.50</u>	\$ <u>46.29</u>

● Bruce Kramer of Borod & Kramer in Memphis, Tennessee to represent the Receiver's claims against David Johnson in *Granite Holdings et al v. David Johnson et al*, Cause No. 00-3094 GV pending before the United States Federal District Court, Western District of Tennessee, Western Division. His fee statements are attached hereto as Exhibit "E" and are itemized as follows:

<u>Month</u>	<u>Fees</u>	<u>Expenses</u>
September 26, 2000 - November 22, 2000	\$ <u>31,431.75</u>	\$ <u>622.79</u>

⁵These fees were incurred in 1999 and were included, but not ruled upon by the Court, in the Receiver's Amended Tenth Interim Fee Application.

⁶These fees were incurred in May - July 2000 and were included, but not ruled upon the Court, in the Receiver's Amended Tenth Interim Fee Application.

- Bruce Kramer of Borod & Kramer in Memphis, Tennessee to represent the Receiver's claims against Mark Talley in *Michael J. Quilling v. Mark Talley*, Cause No. 00-3041 G BRE pending before the United States Federal District Court, Western District of Tennessee, Western Division. His fee statements are attached hereto as Exhibit "F" and are itemized as follows:

<u>Month</u>	<u>Fees</u>	<u>Expenses</u>
October 20, 2000 - November 20, 2000	\$ <u>8,115.25</u>	\$ <u>472.00</u>

- T. J. Ackert of Smith, Haughey, Rice & Roegge in Grand Rapids, Michigan to represent the Receiver in Cause No. 1:00 CV 826 pending before the United States Federal District Court, Western District of Michigan, Southern Division. His fee statements are attached hereto as Exhibit "G" and are itemized as follows:

<u>Month</u>	<u>Fees</u>	<u>Expenses</u>
September 2000	- 0 -	- 0 -
October 2000	4,020.00	509.25
November 2000	Not available	Not available
Total	\$ <u>4,020.00</u>	\$ <u>509.25</u>

JOHNSON FACTORS

21. In support of this request for allowance of compensation and reimbursement of expenses, the Receiver and QSC&L respectfully direct this Court's attention to those factors generally considered by courts in awarding compensation to professionals for services performed in connection with the administration of a receivership estate. As stated by the Fifth Circuit Court of Appeals in *Migis v. Pearle Vision, Inc.*, 135 F.3d 1041, 1047 (5th Cir. 1998) "The calculation of

attorneys fees involves a well-established process. First, the court calculates a 'lodestar' fee by multiplying the reasonable number of hours expended on the case by the reasonable hourly rates for the participating lawyers. (cite omitted.) The court then considers whether the lodestar figure should be adjusted upward or downward depending on the circumstances of the case. In making a lodestar adjustment the court should look at twelve factors, known as the Johnson factors, after *Johnson v. Georgia Highway Express, Inc.*, 488 F.2d 714 (5th Cir. 1974)." Those factors as applied to the services rendered in this case by the Receiver and QSC&L are addressed below.

(a) The Time and Labor Required. The Receiver and QSC&L respectfully refer the Court's attention to Exhibits "A-1" - "A-4" which details the involvement of the Receiver and QSC&L's attorneys in this case during the three month period covered by this Application during which a total of more than 818 hours of attorney and Receiver time have been expended.

(b) The Novelty and Difficulty of the Questions. Many of the tasks reflected in Exhibits "A-1" - "A-4" involved factual and legal questions which were of substantial complexity. In many instances the resolution of such questions required prompt and definitive action by the Receiver and QSC&L within abbreviated time periods.

(c) The Skill Requisite to Perform the Service. The Receiver believes that the services performed in this case have required individuals possessing considerable experience in asset seizure, tracing and liquidation. Both the Receiver and QSC&L have considerable experience in such areas.

(d) The Preclusion of Other Employment Due to Acceptance of the Case. The Receiver and QSC&L have not declined any representation solely because of their services as Receiver and counsel for the Receiver.

(e) The Customary Fee. The hourly rates sought herein are commensurate with the rates charged by other practitioners of similar experience levels in the Northern District of Texas. During the course of these proceedings, the following lawyers at QSC&L have performed legal services on behalf of the Receiver: Mike Quilling (\$250.00 per hour), licensed in 1982 and Board Certified in Business Bankruptcy Law and Civil Trial Law; Clark Will (\$200.00 per hour), licensed in 1980; Andy Trusevich (\$200.00 per hour) licensed in 1992 and Board Certified in Labor and Employment Law; Ken Hill (\$200.00 per hour), licensed in 1991; Murray Camp (\$170.00 per hour), licensed in 1994; Michael Clark (\$125.00 per hour), licensed in 1997; Dee Raibourn (\$125.00 per hour), licensed in 1998.

(f) Whether the Fee is Fixed or Contingent. The Receiver's and QSC&L's fees are fixed insofar as monies exist by way of Receivership Assets from which to pay such fees. Payment of such fees, however, is subject to Court approval.

(g) Time Limitations Imposed by the Client or Other Circumstances. The time requirements during the period covered by this Application have been extreme at times. In many instances, the Receiver and lawyers at QSC&L have been required to travel upon very short notice to properly perform their duties.

(h) The Amount Involved and the Results Obtained. This case involves the misappropriation of millions of dollars. The funds were diverted to a large number of persons and entities, many of whom then transferred the funds to others. Since his appointment the Receiver and attorneys at QSC&L have been tracing the funds into various persons, companies, trusts and assets. Where appropriate, the Receiver has taken possession of some of the assets and is in the process of taking possession of others. The amount of money recovered to date is set forth above. As additional assets

are located and liquidated, the amount recovered will increase. However, through the efforts described in Exhibits "A-1" - "A-4", much of the groundwork for future recoveries has already been accomplished.

(i) The Experience, Reputation, and Ability of the Attorneys. QSC&L has several attorneys who specialize exclusively in the practice of civil trial law. The practice of those attorneys regularly includes the representation of bankruptcy trustee and receivers. The reputation of QSC&L's attorneys is recognized and respected in the community.

(j) The Undesirability of the Case. The representation of the Receiver incident to this case has not been undesirable.

(k) The Nature and Length of the Professional Relationship with the Client. QSC&L did not represent the Receiver in these proceedings prior to being retained in these proceedings.

(l) Award in Similar Cases. QSC&L believes that the fees requested in this case are less than or equal to those which have been awarded in similar cases in this District.

WHEREFORE, PREMISES CONSIDERED, the Receiver and QSC&L request that this Court approve all of the fees and expenses as set forth herein and for such other and further relief, general or special, at law or in equity, to which the Receiver and QSC&L may show themselves justly entitled.

Respectfully submitted,

QUILLING, SELANDER, CUMMISKEY
& LOWNDS, P.C.

2001 Bryan Street, Suite 1800

Dallas, Texas 75201

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(214) 871-2111 (Facsimile)

By: 

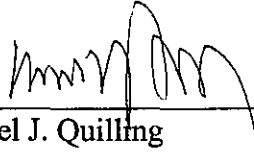
Michael J. Quilling

State Bar No. 16432300

ATTORNEYS FOR RECEIVER

CERTIFICATE OF CONFERENCE

Prior to filing this Application, as required by the Order Appointing Temporary Receiver, I conferred with Bob Brunig of the SEC regarding the filing of this Application. The SEC consents to payment of the requested fees and expenses and believes them to be necessary and reasonable.



Michael J. Quilling

CERTIFICATE OF SERVICE

I hereby certify that on the 4th day of December, 2000 a true and correct copy of the foregoing document was served via first class mail, postage pre-paid, on:

Robert B. Brunig
Securities & Exchange Commission
801 Cherry Street, 19th Floor
Fort Worth, Texas 76102

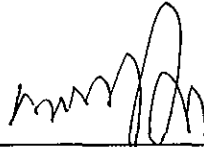
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This Application will also be posted on the Receiver's website www.receiver.com immediately after filing.



Michael J. Quilling